Starting up a Most Efficient Organization or Congratulations we won…now what?

Presented by:
Mr. Steve Phalon

Time Line

- 27 March 2001 Cost Comparison resulted in Tentative Decision to retain the work in-house
- 22 April 2001 Head of the new MEO reports onboard
- 11 May 2001 Final Decision issued
- 16 May 2001 Reduction in Force Notices issued
- 12 July 2001 SWDIV Contractor Officer cancels solicitation
- 15 July 2001 RIF actions implemented
- 16 July 2001 Transition period began
- 01 October 2001 Implementation of the MEO began

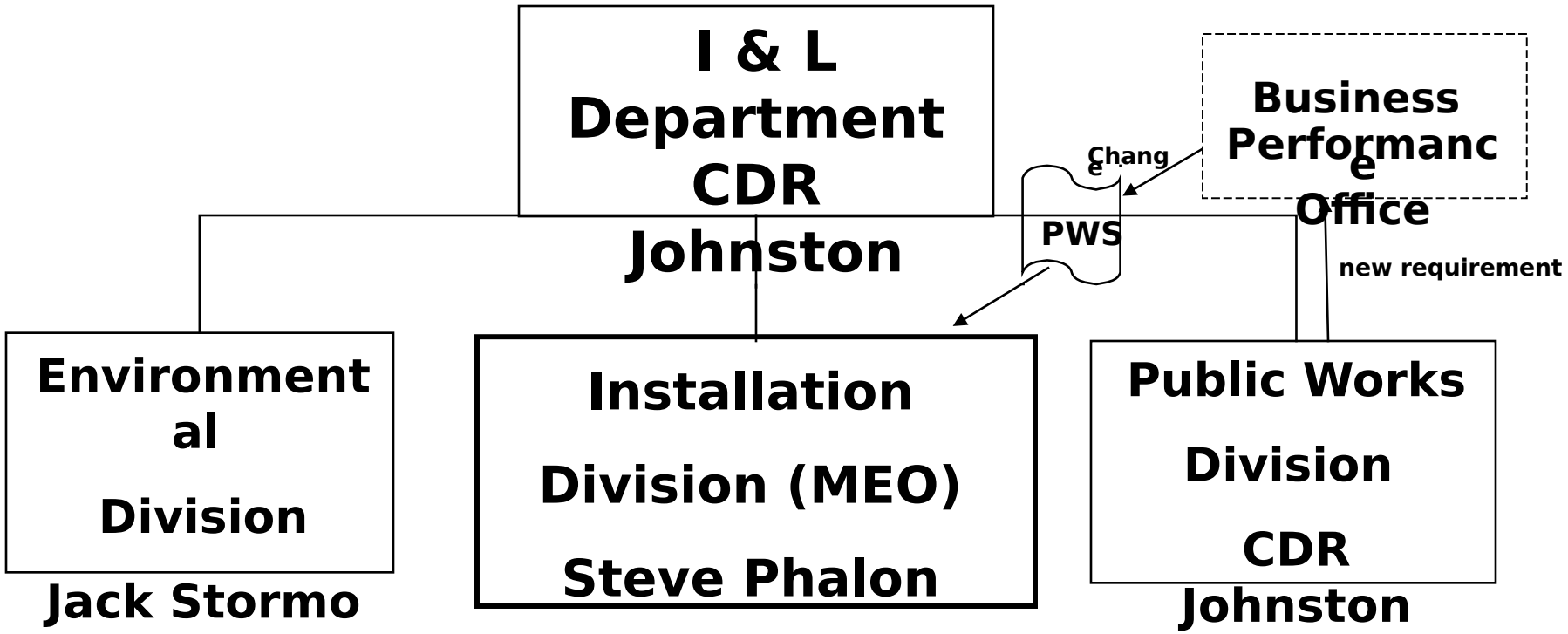
What was…

- A-76 identified 343 FTEs to be studied, of these **200 FTEs actually perform** the work in the Performance Work Statement
  - functions such as base level DRMO, Personal Property, Second Tier budgeting/admin and planning/estimating were eliminated or transferred (Ft Irwin, FSD, etc).
- Number of Supervisors = 13
- Number of Work Leads = 8
- Number of admin/budget = 28
- Percentage overhead FTEs = 18.3%

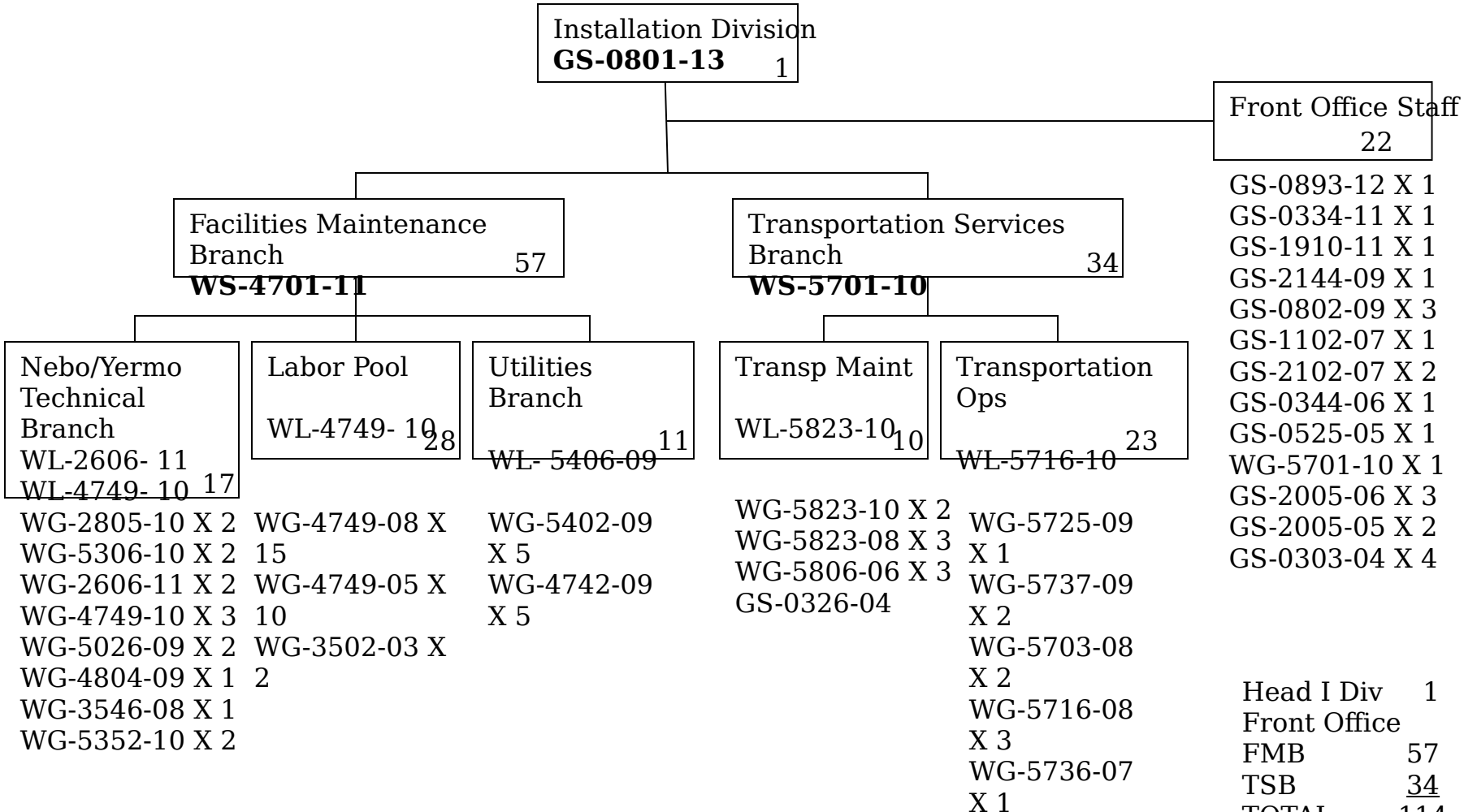
What is…

- MEO bid was based on **114 positions**, this was reduced to **110 to create budget compensation** for necessary changes. Now increased to **123** as a result of a reimbursable change orders.
- Number of Supervisors = initially 3 now 8
- Number of Work Leaders = initially 6 now 3
- Number of admin/budget = 8
- Percentage overhead FTEs = 7%

Installation & Logistics (I&L) Department



Installation Division as of 7/15/2001



Head I Div	1
Front Office	
FMB	57
TSB	34
TOTAL	114

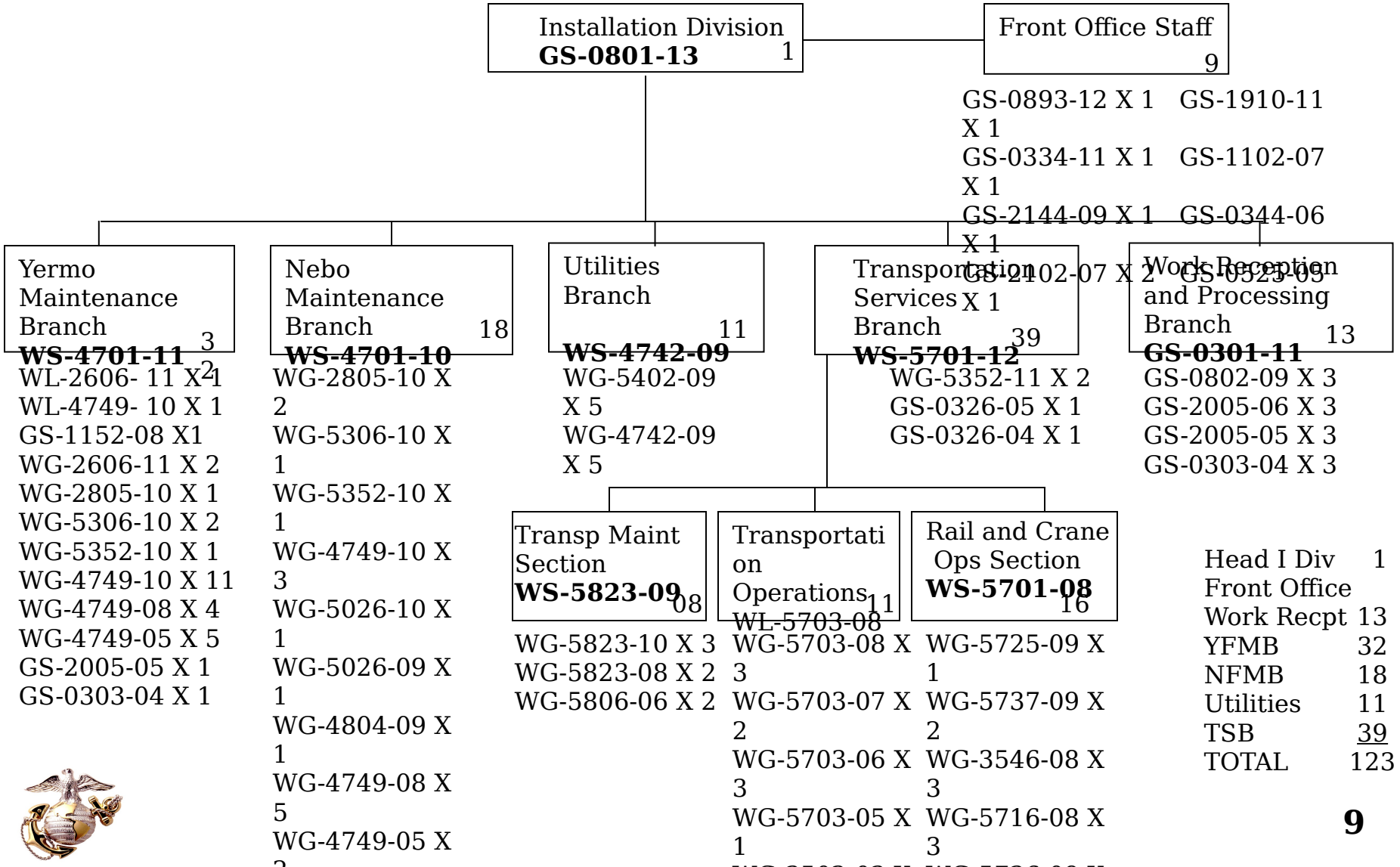
Organizational Problems

- California law and the PWS required the Head of the Utilities Branch had to be a Supervisor with the proper licenses.
- Facilities crane inspector was downgraded to a helper, and the Mobile crane inspector was not certified to work on facilities cranes.
- USMC Facilities Management Handbook recommends a 10-15 tradesperson to supervisor ratio; as proposed the MEO had a 24:1; 56:1 and 33:1 ratios for the Front Office, Maintenance, and Transportation organizations respectively.
- Transportation Operations and Rail and Crane Operations fell under a single Work Leader and rarely did the two functions work in the same area.

Initial Solutions

- Since the Utilities Leader was bid even though the PWS required a Supervisor, it could not be considered a changed condition, thus a vacant billet was sacrificed to create the budget offset within the IHCE to make the correction.
- Management Study had identified 1.25 FTEs of effort in facilities cranes inspections alone. With only one inspector, there was justification to add a second crane inspector – but again it was not a changed condition so a billet was sacrificed to stay within the IHCE.
- After six months of noting that the Supervisors were buried in administrative work, a change was proposed to increase the Supervisors from 4 to 8, by converting some work leader positions to supervisors and sacrificing vacant billets to stay within the IHCE.
- For Safety purposes, another work leader position was established for vehicle operations separate from rail and crane, again staying within the IHCE.

Installation Division as of 3/1/2004



Head I Div	1
Front Office	
Work Recpt	13
YFMB	32
NFMB	18
Utilities	11
TSB	39
TOTAL	123

Changing the Culture

- PWS readings twice a week through the transition period
  - Devil's advocate:
    - Who is qualified to do the work
    - What equipment/training do we need
    - How will the work be done/documented
  - Everyone participated, rotated responsibility for reading
  - Invited key players, support organizations and customers
- Adopted the motto, "Together We Win"
  - Used on hard hat stickers
  - Vehicle markings
  - Coffee cups (paid for by the management team)
  - Polo shirts and jackets at the employee's expense
- Re-reading PWS once a week before the Production Meeting with QAEs and Business Performance Office personnel

Morale Building

- Post RIF, even on saved pay, employee ego suffers from a RIF
  - Commitment that if the PWS required the level of expertise to do the work and there was no way to reassign the work, that we would work to restore employees. Used savings generated by other personnel actions and fully justified each action. Thus far restored 22 of 33 RIF'ed employees.
- Pre and Post Air Conditioning Season Picnics
  - Time to communicate the status of the organization
  - Awards and Recognition in front of their peers
  - Invited customers and support organizations
  - Teamed with Fire Department during Fire Prevention Week
- Class Photos
  - Periodically to re-emphasize that we are all members of a team

Communications

- Rumors run rampant, and always will
- Published a monthly (now bi-monthly) newsletter
  - Information about each Branch and from the Division as a whole
  - Performance from the last month
  - Safety and Quality corners
  - Personnel actions – hails/farewells, promotions, recognition
  - Upcoming events and birthdays
- Quarterly meetings with the shops
- Nextel Radios to dispatch and answer queries

Training and Tools

- No longer afford a large staff of specialists
  - Cross training – Maintenance Mechanics
    - Correspondence courses (carpentry, HVAC, basic electricity)
    - On site classes during transition
  - Contract out small specialized work load – sign painting
- Tools
  - New tool kits with distinctive toolboxes for each Maintenance Helper or Worker, but not journeyman level
  - Common tools secured in a Keytrack System and 1’X 1’ X 1.5’ lockers

Leadership

- All Management Team members (Supervisors, QC Manager, Chemical Engineer) issued a portfolio to carry their PWS
- Involvement in all major decisions
- Leadership meetings – no notes allowed – shared experiences on personnel issues – no holes barred – need to be honest with each other
- IFF award – If you think you're doing something good for the MEO, but aren't, you get the award until someone else earns it.
- We are the team, must rely on each other or we won't win next time.

Challenges - Overall

- Getting customer “buy-in” on new concept of operations, during the PWS writing and during implementation. **It is no longer “Business as Usual”** with undocumented work**.**
  - Solution: meet regularly with customers
- Educating the shops to accept new concept; can no longer give free services or materials without impacting bottom line
  - Solution: meet regularly with shops to discuss procedures, publish newsletter to keep the shops on course
- MEO by definition is the **minimum** necessary billets to perform the PWS, but not all billets have yet to be filled (began with 17 vacancies)
  - Solution: work with HRO to keep vacancies on front burner

Challenges (Overall cont.)

- MEO study proposed **very limited** overtime, none at all for Utilities operations or Hazardous Waste Handlers. Insufficient for anticipated rail operations in support of the Army rotations. 415 hours short in Pest Control (through math error).
  - Solution: Get change orders processed for additional work outside the work projections in the PWS.
- Must respond like a contractor, but required to follow Government procedures – GS04 Trouble-desk clerk billet vacant 125 days. Other Government organizations can offer temporary promotions that prevent the MEO from hiring permanent personnel to fill necessary billets.

Challenges – The Bid

- Personnel that put together the Government Bid (MEO) had never done one before. Thus it appears that the team concentrated on capability and not capacity, assigning more work than one person can do or did not fully consider human factors:
  - One supervisor for 54 various tradesmen at two different locations; and one supervisor for 33 transportation tradesmen. (USMC Facilities Maintenance Management Handbook recommends 10-15 crafts people per supervisor). Solution: create 4 more supervisors from work leader positions
  - Allowed only 2 A/C mechanics (one for Nebo, one for Yermo), thus not allowing any extended time off during the summer by either employee without significant impacts. Solution: hire another A/C man

Challenges – The Bid (cont)

- Discovered errors in the MEO study that affects productivity/staffing
  - Utilities leader required by the PWS and California law to be a supervisor
    - Solution: pay the employee for the work required
  - Duties in the PWS were not reflected in the Position Descriptions
    - Solution: Rewrite the PDs to include PWS duties
  - Functions such as Production Control were entirely overlooked
    - Solution: create a Production Controller billet
  - People factors, such as time to take leave, were overlooked in the calculation of overtime. Boiler operator can only take 4 days of leave at a time without impacting overtime.

Challenges - Implementation

- During transition, MEO had to continue to perform day to day maintenance and operations as well as transition functions, thus things like inventory were continually postponed for “today’s crisis”.
  - Solution: suggest establish a dedicated transition team
- Continuing Government Activity (Public Works) was unfamiliar with their new role and how to process changes to the PWS.
  - Solution: suggest visiting existing Residual Offices, so as to not re-invent the wheel, be more involved with the MEO during transition
- Process for correcting or adding work to the PWS was not well defined before implementation
  - Solution: establish the procedure and approval chain for changes to the PWS before start of performance period

Installation Division (MEO) After 31 Months

- Successes:
  - Passed Certification review by substantially performing the PWS for $181,054 less than the adjusted IHCE in FY02 and $207,386 less in FY 03.
  - Implemented procedures to make in-scope changes to the PWS, resulting in adding 7 workers to handle the tripling of Army rail movements; added 1 worker for new STP; and using undefinitized contract actions (UCAs) accomplished 3,489 overtime man-hours for MCB in FY02, and 5,626 OT man-hours for MCB in FY03. Added a PM crew at MCB in January 2004.
  - Achieved major culture change in the way MEO managers and most workers look at doing work (PWS vs non-PWS)
  - Analyzed actual work load and requirements, able to justify restoring 22 of 33 RIF'ed employees.

How did we do?

- Executed 100% of the MEO bid in FY 02 and FY 03.
- Out of a maximum 324 complaints (aggregate over 16 areas) allowed per year, we received 3 complaints in FY02 and 6 complaints in FY 03.
- Saved the Marine Corps $2,010,388 in FY02 & $3,235,253 in FY03 through cost avoidance in shipping freight.
- Received 51 Kudos including letters of Appreciation, Certificate from the 3rd Battalion 67th Armor Regiment; and emails from customers.

Together We Win

Questions?

Steven J. Phalon, P.E.
Head, Installation Division

Steven J. Phalon is the current Head of the Most Efficient Organization (Installation Division) at the Marine Corps Logistics Base, Barstow, CA. He reported aboard in April 2001, one month before the final determination to award the accomplishment of the Performance Work Statement to the in-house Government work force. Thus he was responsible for taking the proposed MEO to implementation.

Steven is a Registered Professional Engineer (TX) and has a Bachelor of Science in Electrical Engineering from The Citadel and a Master of Engineering in Civil Engineering from the University of Florida. He is a retired Civil Engineer Corps Officer, with over fourteen years of facilities, utilities and transportation management experience with the Navy. Steven's assignments include duties as:

- Assistant Planning Officer and Environmental Protection Officer at the Public Works Center, Great Lakes, Illinois
- Staff Civil Engineer and Environmental Matters Officer at the Ship Repair Facility, Guam;
- Assistant Operations Officer and later as a Company Commander and Yokosuka, Japan Detail Officer in Charge with Naval Mobile Construction Battalion 133 home ported in Gulfport, MS
- Public Works Officer and Officer in Charge of Construction at the Naval Air Station, Dallas, Texas
- Staff Civil Engineer and Environmental Protection Officer at the Naval Supply Center, Norfolk, Virginia
- Special Assistant for Public Works Improvements at the Naval Facilities Engineering Command, Washington DC.

Steven was a former Level IV Warranted Contracting Officer for the Navy and was trained and has field experience in environmental protection and energy conservation. He won the NAVSUP Energy Conservation Award for two consecutive years while stationed at the Naval Supply Center, Norfolk.

Steven J. Phalon, P.E. (Continued)
Head, Installation Division

After retiring from the Navy in 1994, Steven went to work for Marconi Systems Technologies (now BAE Systems) and provided civil engineering construction expertise to the Federal Aviation Administration as a contractor employee for the construction of 39 Terminal Doppler Weather Radar (TDWR) and 5 Next Generation Radar (NEXRAD) facilities across the nation. His work included reviewing and approving drawings and specifications, reviewing and making recommendations on change orders, developing scopes of effort and independent government estimates, inventorying and ensuring the availability of Government furnished material for contractor installation.

Steven was recruited by CALIBRE Systems to provide management expertise to the United States Army on commercial activities studies at Fort Riley, Kansas (Directorate of Environmental and Safety); Fort Richardson and Fort Wainwright, Alaska (Directorate of Public Works); Schofield Barracks, Hawaii (Directorate of Public Works); and Fort Mc Coy, Wisconsin (Directorate of Support Services). His efforts included reviewing Performance Work Statement and making recommendations; preparing back-up documentation (technical exhibits) for the PWS; conducting information gathering sessions, and advising on strategies to win the competition. He also assisted the U.S. Army Headquarters with the Utilities Privatization overview and analyzed contractor proposals.

Steven returned to Government Service in 2000 starting as a Civil Engineer at the Naval Air Station, Fallon, NV, before accepting his current job in Barstow.

Steven's awards include the Civilian Meritorious Service Medal, Meritorious Service Medal, Two Navy Commendation Medals, and a Navy Achievement Medal.

Steven is married to Carol (nee Anderson), and has three children.

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